GOVERNMENT OF INDIA
FINANCE
LOK SABHA

UNSTARRED QUESTION NO:3562
ANSWERED ON:25.08.2006
PENDING PROPOSALS OF ONE TIME SETTLEMENT SCHEMES
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Will the Minister of FINANCE be pleased to state:

(a) the main features of the one time settlement scheme ;

(b) the number of proposals of one time settlements are lying pending with each public sector bank ;

(c) the action taken by banks in this regard; and

(d) the time by which these proposals are likely to be cleared ?

Answer

MINISTER OF STATE IN THE MINISTRY OF FINANCE (SHRI PAWAN KUMAR BANSAL)

(a) In pursuance to the policy package on Small & Medium Enterprises (SME) announced by the Union Finance Minister on 10.08.2005, Reserve Bank of India (RBI) has issued guidelines on One Time Settlement Scheme for SME accounts on 03.09.2005 for uniform implementation by all Public Sector Banks to provide a simplified, non-discretionary and non-discriminatory mechanism for one time settlement of chronic NPAs in this sector.These guidelines cover

(i) all NPAs in SME Sector which have become doubtful or loss as on 31.03.2004, with outstanding balance of Rs.10 crore and below on the date on which the account was classified as doubtful, and

(ii) NPAs classified as sub-standard as on 31.03.2004, which have subsequently become doubtful or loss where the outstanding balance was Rs.10 crore and below on the date on which the account was classified as doubtful.The guidelines cover cases wherein the banks have initiated action under The Securitisation and Reconstruction of Financial Assets and Enforcement of Security Interest (SARFAESI) Act, 2002, and also the cases pending before Courts / DRTs / BIFR,subject to consent decree being obtained from them. However, cases of wilful default, fraud and malfeasance are not covered by these guidelines.

(b)to (d): In terms of the guidelines, the last date for receipt of applications from borrowers was 31.03.2006 and the banks were to complete the processing by 30.06.2006. As on 31.03,2006, the public sector banks received a total of 8,206 proposals involving a total amount of Rs.583.45 crore out of which settlement have been approved in 6446 cases involving a total amount of Rs. 379.74 crore. The progress report under the scheme for the quarter ended March, 2006 is at Annex.